

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 L-03 /021 W
-----151422Z 077638 /43

P R 151300Z JUN 77
FM USLO RIYADH
TO TREASURY DEPT. WASH DC 04 PRIORITY
INFO SECSTATE WASH DC 70
AMEMBASSY JIDDA

LIMITED OFFICIAL USE USLO RIYADH 00153
E.O. LL652: N/A TAGS: EAID, SA
SUBJECT: POWER GRID, C.T. MAIN ASKED TO PROVIDE MAJOR NEW SERVICES
RIYADH ELECTRIC

JIDDA FOR DAIELS; DEPT FOR NEA/ARP

FOR BOWDEN OASIA FROM HUMMON

REF (A) CTMAIN LTR TO DEPMIN ALHAMMAD DTD 6/1/66, CY SENT OSAA
(B) OSAA 687

(NOTE: SEPARATE TELEX GIVES BARE OUTLINES OF INFO THIS MSG)

1. COUNCIL OF MINISTERS HAS APPOINTED NEW BOARD OF
DIRECTORS FOR RIYADH ELECTRIC COMPANY. DEPMIN ALHAMMAD
HAS ADVISED CAMPBELL AND USREP THAT OUTSIDE CONSULTANTS WILL
BE ASKED TO PROVIDE EXTENSIVE MANAGEMENT AND TECHNICAL
SERVICES FOR COMPANY. CHANGE AND PRESSURE FOR IMPROVEMENT
COME FROM HIGH LEVELS IN GOVERNMENT. CAMPBELL NOTES THESE
TWO MEASURES WERE AMONG KEY RECOMMENDATIONS OF CTMAIN REPORT
TO ALHAMMAD, WHO WAS NAMED NEW CHAIRMAN OF THE BOARD. WE
UNDERSTAND FROM CAMPBELL THAT MAIN REPORT WAS USED TO
SUPPORT POSITION OF MIE IN COUNCIL OF MINISTERS MEETING
URGING THAT BOARD BE CHANGED.

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2. UNTIL OUTSIDE CONSULTANTS ARE HIRED AND WORKING,
ALHAMMAD HAS ASKED CTMAIN TO UNDERTAKE A SUBSTANTIAL
RANGE OF ACTIVITIES FOR RIYADH ELECTRIC. CAMPBELL HAS
BEEN IN TOUCH WITH BOSTON HQ AND FIVE TECHNICIANS HAVE
BEEN LOCATED FOR IMMEDIATE ASSIGNMENT, TWO OF WHOM CAN
COME NOW AND REMAINING THREE IN NEAR FUTURE. CAMPBELL

IS LEAVING JUNE 15 FOR BOSTON TO ASSIST IN PROCESSING THESE AND RECRUITING OTHER PERSONNEL SINCE ALHAMMAD WANTS AS MANY QUALIFIED PEOPLE NOW IN CTMAIN AS POSSIBLE-- UP TO TEN--TO WORK ON DISTRIBUTION SYSTEM UNTIL PERMANENT CONTRACTOR TAKES OVER. MOST LIKELY CONTRACTOR ACCORDING TO ALHAMMAD IS BRITISH CENTRAL ELECTRICITY GENERATING BOARD (CEGB) WHICH MAY PROVIDE AS MANY AS FIFTY MANAGEMENT, OPERATING AND TECHNICAL PERSONNEL FOR RIYADH ELECTRIC UNDER SAUDI-BRITISH JOINT COMMISSION. HOWEVER, ALHAMMAD INDICATED JUNE 14 HE THINKING OF POSSIBILITY OF MAIN PLAYING LONG-TERM ROLE IN RIYADH ELECTRIC. THERE HAS BEEN NO PUBLIC REFERENCE TO CEGB POSSIBILITY, BUT PETER CORLEY, HEAD OF UK JOINT COMMISSION OFFICE HAS ADVISED USREP DEPUTY DIRECTOR THAT NEGOTIATING TEAM FROM CEGB EXPECTED IN RIYADH SHORTLY.

3. WE HAVE DISCUSSED WITH CAMPBELL IMPLICATIONS OF ALHAMMAD'S MAJOR NEW REQUEST ON TREASURY-MAIN CONTRACT. MAIN HAS ALREADY EXPENDED SOME 50 OF 54 MAN-MONTHS STIPULATED UNDER PRESENT CONTRACT FOR CONSULTING SERVICES TO MIE. USREP AND CAMPBELL AGREE THAT TREASURY-MAIN CONTRACT SHOULD BE AMENDED TO PROVIDE FLEXIBILITY TO MEET ALHAMMAD'S PRESENT REQUESTS FOR RIYADH ELECTRIC (AND SIMILAR FIREFIGHTING ASSIGNMENTS IN THE FUTURE) WHICH INCLUDE INSTALLATION OF NEW GENERATOR NOW IN WAREHOUSE. CAMPBELL AND USREP RECOMMEND THAT NEW CONTRACT PROVISIONS BE NEGOTIATED WITH ALHAMMAD AND AL-TURKI HERE. THIS SHOULD BE PHASE III AND KEPT SEPARATE FROM PHASE II.
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4. ALHAMMAD VERY INTERESTED IN QUICK MOVEMENT ON PHASE III, CAMPBELL WILL BRING BACK PROPOSAL FROM BOSTON WITHIN A WEEK TO MEET MIE'S NEEDS. BASICALLY ALHAMMAD IS INTERESTED IN WIDEST POSSIBLE FLEXIBILITY IN USE OF MAIN SERVICES. PART OF FUNDING WILL COME FROM RIYADH ELECTRIC, STILL A PRIVATE COMPANY, AND ALHAMMAD RAISED QUESTION WHETHER THIS COULD BE HANDLED THROUGH TRUST ACCOUNT. BOTH USREP AND CTMAIN PREFER THIS TO ANY SEPARATE CONTRACT BETWEEN MAIN AND RIYADH ELECTRIC, BUT WE HAVE NOT YET HAD A CHANCE TO DISCUSS THIS WITH AL-TURKI. WELCOME YOUR THOUGHTS ON ELECTRIC FUNDS WOULD HAVE TO BE KEPT SEPARATE IN TRUST ACCOUNT.

5. CAMPBELL WILL DISCUSS POSSIBLE LANGUAGE FOR CONTRACT AMENDMENT FOR PHASE III WITH MAIN HQ AND OSAA DURING HIS TRIP TO BOSTON. WILL ALSO DISCUSS FUNDING OF PHASE II OF PRESENT CONTRACT. WE BELIEVE IT IMPORTANT

TO MOVE RAPIDLY ON CONTRACT AMENDMENTS AND FUNDING IN
ORDER TO MEET URGENT REQUEST OF MINISTRY OF INDUSTRY
AND ELECTRICITY.

6. RE PHASE II FINANCING, AL-TURKI INDICATED ON
JUNE 12 HE HAS NO FUNDS PRESENTLY AVAILABLE FOR BULK OF
PHASE II REQUIREMENT (THESE FUNDS SHOULD BE AVAILABLE IN
NEW BUDGET). HE TALKED IN TERMS OF BEING ADVISED IN
WASHINGTON THAT CURRENT NEED WAS FOR ONLY \$100,000 SINCE
THERE ARE \$500,000 UNEXPENDED. HOWEVER, AT SOCIAL
OCCASION LAST EVENING WITH ALHAMMAD AND AL-TURKI, LATTER
SEEMED MORE AMENABLE TO QUICK FINANCING FOR TOTAL
PHASE II. WE WILL ADVISE ASAP.
GNEHM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRIC POWER
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977RIYADH00153
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770213-0923
Format: TEL
From: RIYADH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770654/aaaabvdq.tel
Line Count: 130
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9d14777c-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2141842
Secure: OPEN
Status: NATIVE
Subject: POWER GRID, C.T. MAIN ASKED TO PROVIDE MAJOR NEW SERVICES RIYADH ELECTRIC JIDDA FOR DAIELS; DEPT FOR NEA/ARP
TAGS: EAID, SA
To: TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9d14777c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009